



SECOND QUARTER

2019 CONFERENCE CALL

RESULTS FROM OPERATIONS

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FORWARD LOOKING INFORMATION - DISCLAIMER

This presentation contains certain forward-looking information that reflects the Company's current views and/or expectations with respect to: expectations relating to the markets the Company operates in; the impact of currency exchange rates and other market factors on the results of the Company's mills; and expectations relating to capital expenditure spending. Persons reading this presentation are cautioned that statements comprising forward-looking information are only predictions, and that the Company's actual future results or performance are subject to certain risks and uncertainties including, without limitation: those relating to potential disruptions to production and delivery, including as a result of equipment failures, labour issues, the complex integration of processes and equipment and other factors; fluctuations in the market price for products sold; trade restrictions or import duties imposed by foreign governments; labour relations; failure to meet regulatory requirements; changes in the market; potential downturns in economic conditions; fluctuations in the price and supply of required materials; foreign exchange fluctuations; availability of financing (as necessary); and other risk factors detailed in our Annual Information Form dated March 29, 2019 available on SEDAR at www.sedar.com and other filings with the Canadian securities regulatory authorities. In particular, financial forecasts and expectations are not indicators of future financial performance and there is no assurance that the Company's assumptions' in support of such forecasts or expectations are correct, accurate or complete. These risks, as well as others, could cause actual results and events to vary significantly. The Company does not undertake any obligation to update any forward-looking information, except as required by applicable securities law.

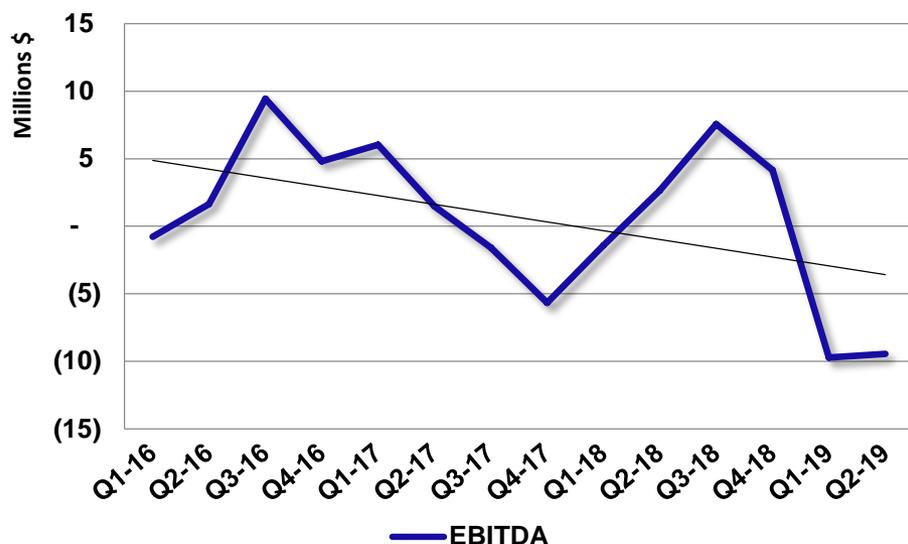
Unless otherwise noted, all references in this presentation to "\$" are to Canadian dollars. The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, the Company's unaudited condensed consolidated financial statements for the quarter ended June 30, 2019 and the related notes thereto and Management's Discussion & Analysis, which are available on SEDAR.

This presentation contains reference to "Operating EBITDA", which is a non-GAAP financial measure. For disclosure of the manner in which these measures are calculated and a reconciliation to net loss, please refer to the MD&A for the quarter ended June 30, 2019, available on SEDAR.

The financial information contained herein has been prepared in accordance with International Financial Reporting Standards.

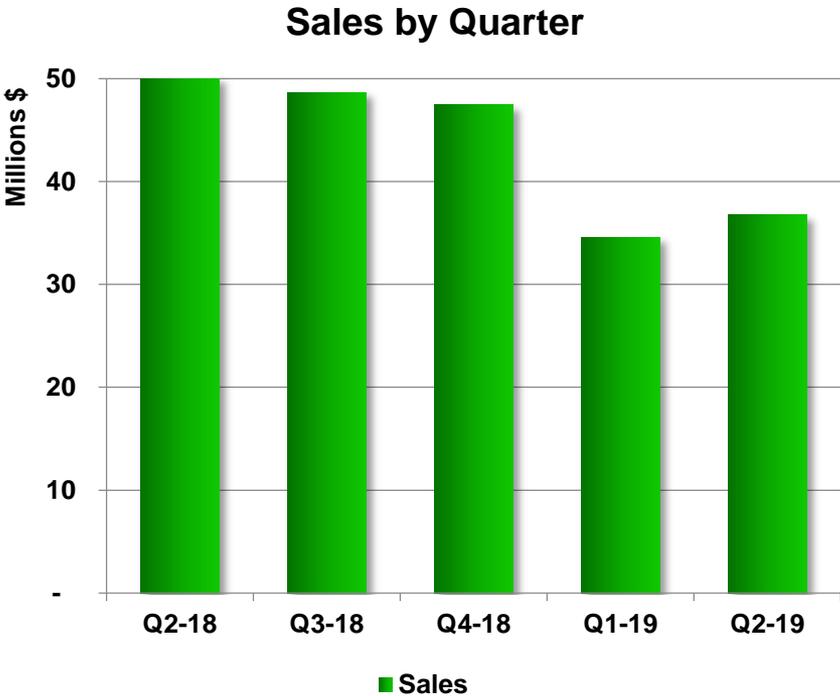
SUMMARY OF FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2019

Quarterly EBITDA



- Operating EBITDA loss was \$9.5 million for the second quarter of 2019 compared to operating EBITDA loss of \$9.7 million in the first quarter of 2019.
- The Dissolving Pulp Segment incurred operating EBITDA loss of \$8.5 million. Development costs incurred in the Bioproducts Segment were \$2.2 million which were largely offset by grants and funding. Corporate costs were \$0.9 million in the second quarter of 2019.
- Results for the second quarter of 2019 were impacted by an annual maintenance shutdown which was three days longer than initially planned and a 6% and 16% lower realized dissolving pulp sales price in comparison to the previous quarter and prior year comparative periods, respectively.

SEGMENTED RESULTS DISSOLVING PULP

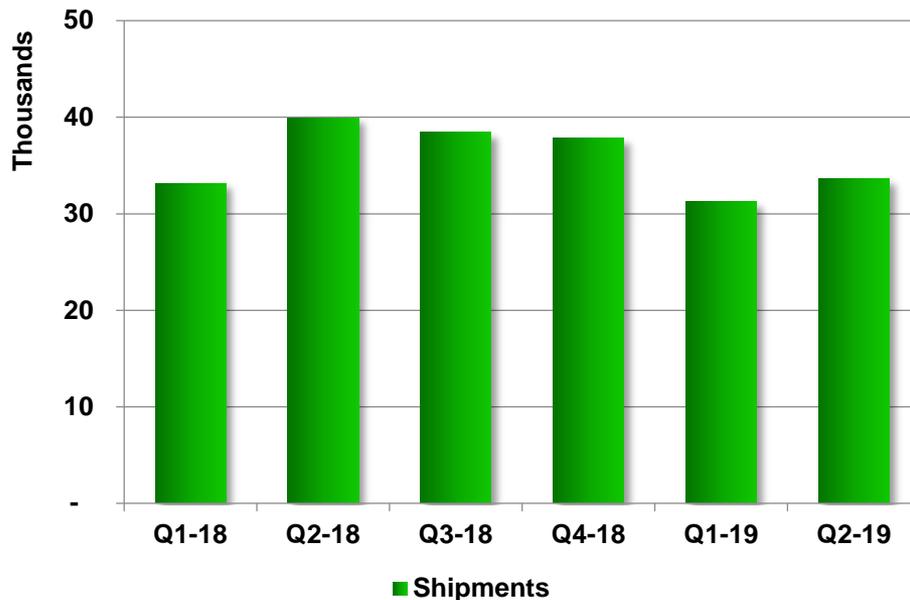


- Sales totaled \$36.8 million for the quarter compared to \$34.6 million for the first quarter of 2019.



SEGMENTED RESULTS DISSOLVING PULP

Quarterly Shipments



- The Company sold 33,585 air dried metric tonnes (“ADMT”) of dissolving pulp in the second quarter of 2019.
- The FSC mill held 4,190 ADMT of dissolving pulp inventory at June 30, 2019 compared to 6,065 ADMT as at March 31, 2019.

DISSOLVING PULP



The long-term outlook for dissolving pulp continues to be strong, supported by annual increases in the worldwide demand for fibre and viscose staple fibre capacity growth.

Substantial recent increases in VSF capacity has contributed to inventory build up and softening of VSF pricing. Near term dissolving pulp pricing will most likely continue to be impacted by VSF market pricing and paper pulp markets.



Dissolving pulp pricing is currently \$984 (US\$740) per tonne which is estimated to be below marginal cost level which should result in production curtailments in China.



BIOPRODUCTS

Fortress continues to work to advance its planned xylitol and complementary bioproducts demonstration plant project, however, the Company will minimize investments in the Bioproducts Segment while preserving funding commitments during the current uncertainty relating to the dissolving pulp market.

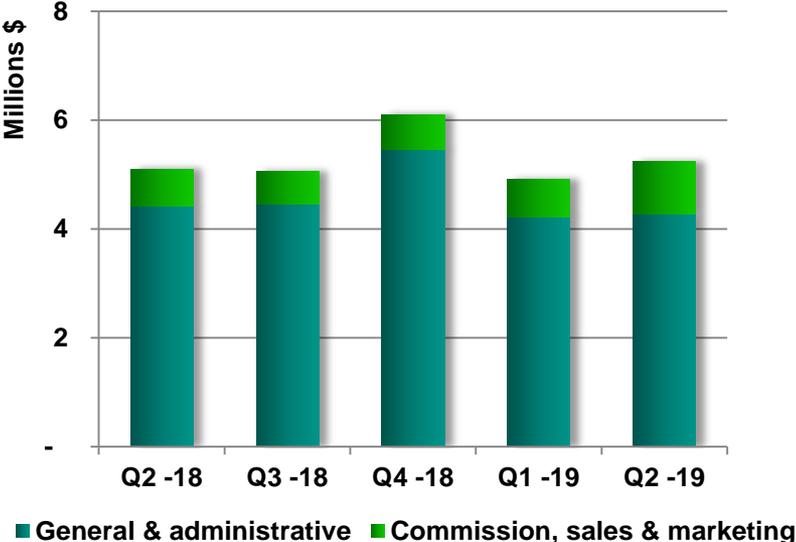
The Company intends to produce xylitol and potentially other valuable bioproducts such as animal feed and lignin from hemicellulose and other underutilized streams produced at the FSC mill.

The project will utilize available hemicellulose and enable the FSC mill to increase dissolving pulp production due to reduced load of hemicellulose and other organics on the evaporators and recovery boiler.

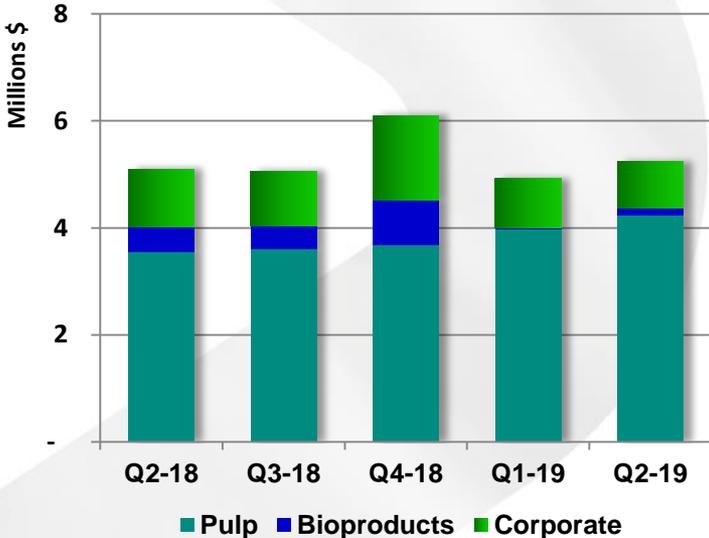


SUMMARY OF FINANCIAL RESULTS

Consolidated SG&A from Continuing Operations by Nature



Consolidated SG&A from Continuing Operations by Segment



DEBT SUMMARY AND SIGNIFICANT MATTERS

Repayments of principal for debt outstanding as at June 30, 2019 are required as follows:

| Q2 2019 (\$ MILLIONS) | | | |
|-----------------------|------------------|----------------|----------------|
| YEAR | CONVERTIBLE DEBT | OTHER DEBT | TOTAL |
| 2019 | - | 1,635 | 1,635 |
| 2020 | - | 2,857 | 2,857 |
| 2021 | 62,100 | 2,857 | 64,957 |
| 2022 | - | 15,067 | 15,067 |
| 2023 | - | 15,067 | 15,067 |
| Thereafter | - | 102,611 | 102,611 |
| Total | 62,100 | 140,094 | 202,194 |

During the three months ended June 30, 2019, the Company entered into an amendment with a lender to which the quarterly principal and interest payments due from June 30, 2019 to December 31, 2021, totaling \$31.8 million and \$13.3 million, respectively, have been postponed. The interest payable has been capitalized and added to the outstanding balance of the loan. The principal amount of the loan, including capitalized interest will be repaid in quarterly instalments beginning March 31, 2022. The maturity date of the loan has been extended by five years to December 31, 2031. The Company recorded a gain of \$2.0 million in finance income in relation to the amendment.

In accordance with the Company's accounting policy, each asset or cash generating unit is evaluated at each reporting date to determine whether there are any indicators of impairment. Management's impairment evaluation resulted in the identification of an impairment loss of \$44.9 million at the FSC mill operations, as at June 30, 2019.

Due in part to operating results, a working capital deficit and challenged dissolving pulp markets the Company has incorporated going concern disclosures in both the financial statements and MD&A.

QUESTIONS?

This concludes the presentation for our second quarter results from operations.

We will now open up the lines for a Q&A.

